

HOUSE BILL 3569
By Jones U

AN ACT to amend Tennessee Code Annotated, Title 7,
Chapter 52, relative to municipal electric plants.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-52-103(c), is amended by deleting the language "or other business relationship" wherever it may appear.

SECTION 2. Tennessee Code Annotated, Section 7-52-103(c), is further amended by adding the following language at the end of the subsection:

Joint venture agreements authorized by this subsection and subsection (d) shall be subject to §10-7-503. Any joint venture agreement shall be presented to the chief legislative body of the municipality in which the municipal electric system is located. Such presentation shall include the managerial and financial information of any prospective private joint venture partner.

SECTION 3. Tennessee Code Annotated, Section 7-52-103(d), is amended by deleting the language "or other business relationship" wherever it may appear.

SECTION 4. Tennessee Code Annotated, Section 7-52-602(4), is amended by deleting the final sentence of the subdivision and substituting instead the following language:

A municipal electric system may provide additional services only after approval by a two-thirds ($\frac{2}{3}$) majority vote of the legislative body of the municipality in which the municipal electric system is located or by a public referendum held pursuant to subdivision (5), or both;

SECTION 5. Tennessee Code Annotated, Section 7-52-603(a)(1), is amended by deleting the subdivision in its entirety and by substituting instead the following language as a new subdivision (a)(1):

(1) A municipal electric system shall establish a separate division to deliver any of the services authorized under this part. The division shall maintain its own accounting and record-keeping system. A municipal electric system may not subsidize the operation of the division with revenues from the municipal electric system's power or other utility operations and the municipal electric system shall not be permitted to lend funds to the division. The separate division established to deliver the services authorized by this part shall submit to an independent audit which shall include an examination to determine whether the newly created division has been subsidized by revenues of the municipal electric system's other operations. The audit may not be performed by the same auditor that audits or prepares the municipal electric system's financial statements. The audit shall be filed with the comptroller within ninety (90) days of the end of the division's first fiscal year and shall disclose the following information regarding the division:

(A) Any services sold by the division;

(B) Any costs allocated to the new division by the municipal electric system;

(C) A description of the methods and procedures used to identify and allocate costs disclosed pursuant to subdivision (a)(1)(B);

(D) Any services provided by the other divisions of the municipal electric system to the new division;

(E) The price in dollars of each service disclosed pursuant to subdivision (a)(1)(D);

(F) A description of the methods and procedures used to determine the price of services provided to the new division by the municipal electric system's other divisions;

(G) Any services provided by the municipal electric system to the new division;

(H) The price in dollars of each service disclosed pursuant to subdivision (a)(1)(G); and

(I) A description of the methods and procedures used to determine the price of services provided to the municipal electric system by the new division.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.